

Message Text

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STATE FOR DEPUTY ASSISTANT SECRETARY FISHLOW

E.O. 11652: N/A

TAGS: BEXP, BL

SUBJECT: TECHNOLOGY TRANSFER: BOLIVIAN PESTICIDES PLANT

REF: LA PAZ 745

1. AT REQUEST OF GOB MINISTER OF ENERGY AND HYDROCARBONS, DIRECTOR GENERAL OF HYDROCARBONS MARIO BALCAZAR VISITED ME FEBRUARY 3 TO DISCUSS PROBLEM WHICH MIXED GOB - ARGENTINIAN PESTICIDES COMPANY (AQUILA) IS HAVING WITH PURCHASE OF TECHNOLOGY FOR A US\$20 MILLION PESTICIDES PLANT WHICH HAS ANDEAN PACT AND ARGENTINIAN ASSIGNMENTS. AQUILA HAS TRIED TO PURCHASE TECHNOLOGY FOR NEW PLANT DIRECTLY FROM THE FOUR WESTERN FIRMS WHO CONTROL IT, BAYER OF GERMANY, MONSANTO, CYANIMID AND STAUFFER, AS WELL AS INDIRECTLY THROUGH VARIOUS CONSTRUCTION FIRMS, BUT WITHHOUT SUCCESS. ON US COMPANY, STAUFFER CHEMICAL OF WESTPORT, CONNECTICUT, WROTE AQUILA ON DECEMBER 3, 1975 OFFERING TO NEGOTIATE A LICENSING AGREEMENT, BUT ACCORDING TO BALCAZAR, THE LETTER DID NOT ARRIVE UNTIL LAST WEEK AND UPON AQUILA'S TELEGRAPHIC INDICATION OF WILLINGNESS TO NEGOTIATE, STAUFFER REPLIED THAT IT WAS NO LONGER WILLING TO LICENSE THE TECHNOLOGY. BALCAZAR SAYS HE HAS INFORMATION THAT THE FOUR COMPANIES MET IN DECEMBER AND DECIDED TO WITHHOLD THE TECHNOLOGY AS A MEANS OF PRESERVING THEIR ANDEAN AND ARGENTINIAN MARKETS. LA PAZ 745 OF JANUARY 27, 1976
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DESCRIBES THE SITUATION IN DETAIL BUT WAS SENT PRIOR TO EMBASSY

KNOWLEDGE OF STAUFFER'S OFFER AND LATER WITHDRAWAL.
THE PROPOSED PESTICIDES PLANT WILL BE FINANCED IN PART BY AN
ANDEAN DEVELOPMENT CORPORATION LOAN.

2. IN VIEW OF THE OFT-STATED U.S. POLICY OF FACILITATING
TRANSFER OF TECHNOLOGY TO LDC'S AS WELL AS USG SUPPORT FOR
THE ANDEAN REGIONAL INTEGRATION MOVEMENT, I STRONGLY URGE
THAT THE DEPARTMENT CONTACT STAUFFER CHEMICAL COMPANY AT
HIGHEST LEVEL AND MAKE STRONG REPRESENTATION THAT STAUFFER
RENEW IT'S OFFER TO NEGOTIATE A LICENSING AGREEMENT WITH AQUILA.
IN ITS LETTER OF DECEMBER 5, 1975, (A COPY OF WHICH BEING
POUCHED TO ARA/BC--ROBERT PACE) STAUFFER INDICATED IT HAD
PREVIOUSLY LICENSED ITS TECHNOLOGY FOR USE BY MEXICAN FIRM
"GUANOS Y FERTILIZANTES," SO PRECEDENT EXISTS FOR LICENSING
OF AQUILA.

3. FAILURE OF STAUFFER OR OTHER US FIRMS TO PROVIDE NEEDED
TECHNOLOGY WILL REFLECT A HOLLOWNESS IN US POLICY STATEMENTS MADE
AT TLATELOLCO AND AFTER THAT USG WILLING TO PROMOTE TRANSFER
OF MODERN TECHNOLOGY TO LDC'S. WE EXPECT SUCH A FAILURE TO
DELIVER ON US POLICY COMMITMENT WILL BECOME WIDELY KNOWN
IN ANDEAN PACT COUNTRIES AND WILL ALSO REFLECT ON THE
SERIOUSNESS OF OUR SUPPORT FOR REGIONAL INTEGRATION. AS
INDICATED IN LA PAZ 745 AND AS VERIFIED BY BALCAZAR, PRO-
VISION OF PESTICIDES TECHNOLOGY COULD BE USED AS ENTRE BY
US FIRM INTO FULL-SCALE PARTICIPATION IN DEVELOPMENT OF
BOLIVIAN PETROCHEMICAL INDUSTRY WITH A PLANNED INVESTMENT OF
US\$500 MILLION.
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